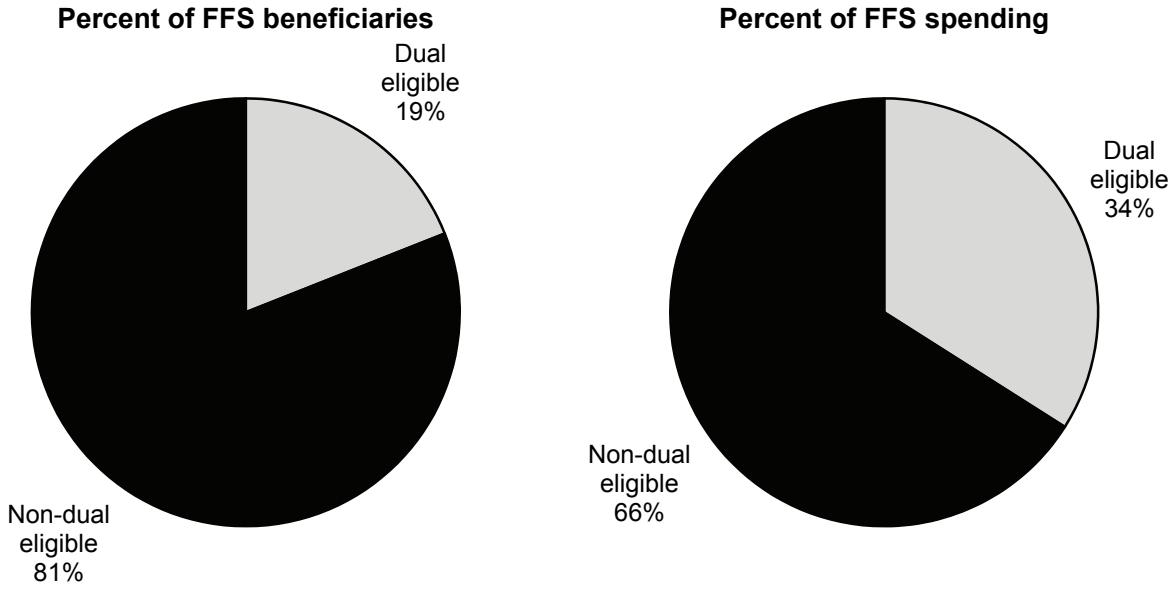
SECTION 4

Dual-eligible beneficiaries

Chart 4-1. Dual-eligible beneficiaries account for a disproportionate share of Medicare spending, 2010

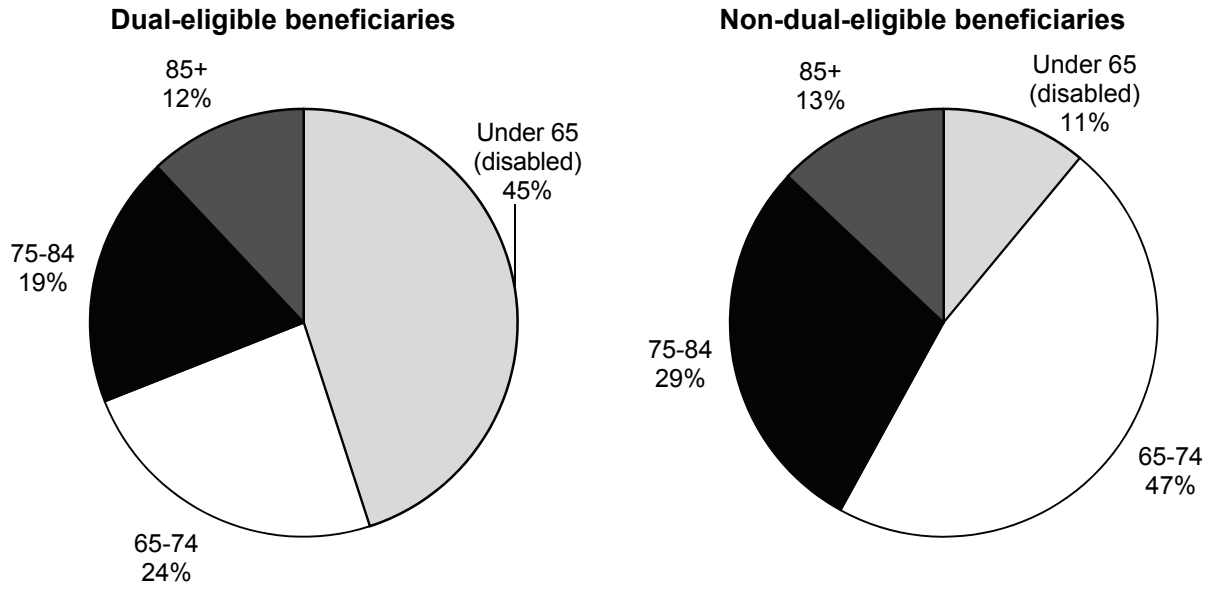


Note: FFS (fee for service). Dual-eligible beneficiaries are designated as such if the months they were enrolled in Medicaid exceed the months they were enrolled in supplemental insurance. Spending data reflect 2010 Medicare Current Beneficiary Survey Cost and Use file from CMS.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file 2010.

- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help people with low incomes obtain needed health care.
- Dual-eligible beneficiaries account for a disproportionate share of Medicare FFS expenditures. As 19 percent of the Medicare FFS population, they represented 34 percent of aggregate Medicare FFS spending in 2010.
- On average, Medicare FFS per capita spending is more than twice as high for dual-eligible beneficiaries compared to non-dual-eligible beneficiaries: In 2010, $19,418 was spent per dual-eligible beneficiary, and $8,789 was spent per non-dual-eligible beneficiary.
- In 2010, average total spending—which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending across all payers—for dual-eligible beneficiaries was about $31,600 per beneficiary, more than twice the amount for other Medicare beneficiaries.

Chart 4-2. Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to be under age 65 and disabled, 2010

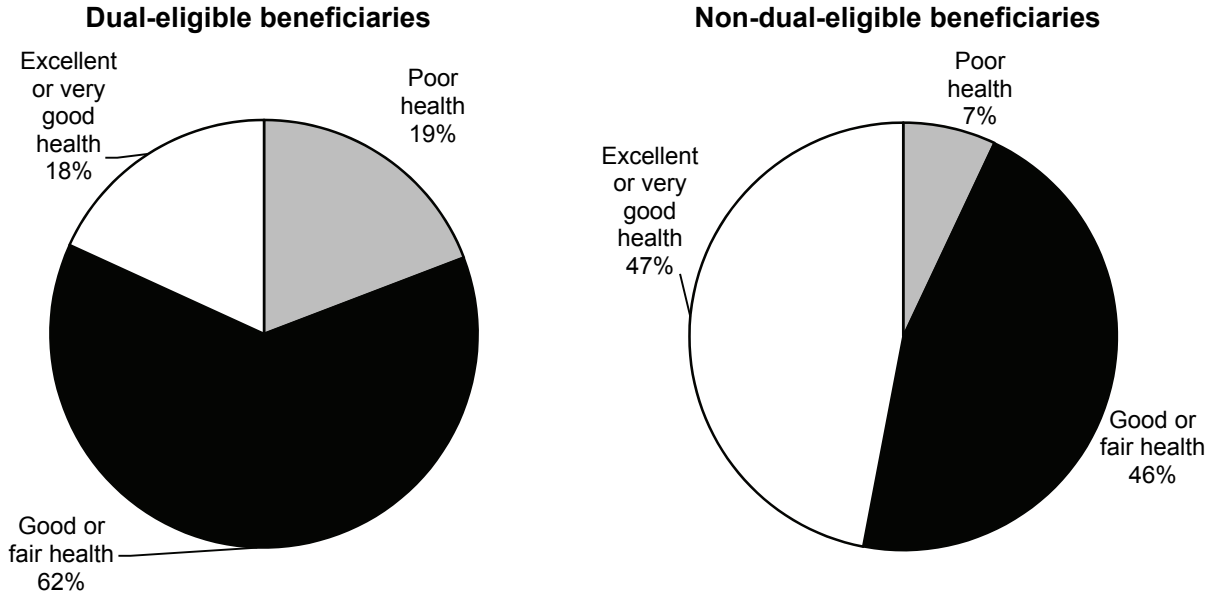


Note: Beneficiaries who are under age 65 qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged. Dual-eligible beneficiaries are designated as such if the months they were enrolled in Medicaid exceed the months they were enrolled in supplemental insurance.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file 2010.

- Disability is a pathway for individuals to become eligible for both Medicare and Medicaid benefits.
- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to be under age 65 and disabled. In 2010, 45 percent of dual-eligible beneficiaries were under age 65 and disabled, compared with 11 percent of the non-dual-eligible population.

Chart 4-3. Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to report poorer health status, 2010



Note: Dual-eligible beneficiaries are designated as such if the months they were enrolled in Medicaid exceed the months they were enrolled in supplemental insurance. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file 2010.

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to report poorer health status. In 2010, 19 percent of dual-eligible beneficiaries reported being in poor health, compared to 7 percent of non-dual eligible beneficiaries.
- Almost half of non-dual-eligible beneficiaries (47 percent) report being in excellent or very good health in 2010. In comparison, less than one-fifth (18 percent) of dual-eligible beneficiaries reported being in excellent or very good health.

Chart 4-4. Demographic differences between dual-eligible beneficiaries and non-dual-eligible beneficiaries, 2010

Characteristic	Percent of dual-eligible beneficiaries	Percent of non-dual-eligible beneficiaries
Sex		
Male	43%	46%
Female	57	54
Race/ethnicity		
White, non-Hispanic	57	80
African American, non-Hispanic	20	8
Hispanic	13	8
Other	10	4
Limitations in ADLs		
No ADLs	45	70
1–2 ADLs	26	20
3–6 ADLs	29	10
Residence		
Urban	70	78
Rural	30	22
Living arrangement		
Institution	19	3
Alone	29	28
Spouse	15	54
Children, nonrelatives, others	36	16
Education		
No high school diploma	50	19
High school diploma only	25	29
Some college or more	22	51
Income status		
Below poverty	54	8
100–125% of poverty	21	7
125–200% of poverty	18	20
200–400% of poverty	5	35
Over 400% of poverty	1	31
Supplemental insurance status		
Medicare or Medicare/Medicaid only	92	10
Medicare managed care	3	33
Employer-sponsored insurance	0	35
Medigap	1	17
Medigap/employer	0	3
Other*	3	1

Note: ADL (activity of daily living). Dual-eligible beneficiaries are designated as such if the months they were enrolled in Medicaid exceed the months they were enrolled in other supplemental insurance. "Urban" indicates beneficiaries living in metropolitan statistical areas (MSAs). "Rural" indicates beneficiaries living outside MSAs. In 2010, poverty was defined as income of $10,458 for people living alone and $13,194 for married couples. Totals may not sum to 100 percent due to rounding and exclusion of an "other" category. Poverty thresholds are calculated by the U.S. Census Bureau (https://www.census.gov/hhes/www/poverty/data/threshld/).
*Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file 2010.

- Dual-eligible beneficiaries qualify for Medicaid due in part to low incomes. In 2010, 54 percent lived below the federal poverty level, and 93 percent lived below 200 percent of the poverty level. Compared with non-dual-eligible beneficiaries, dual-eligible beneficiaries are more likely to be female, to be African American or Hispanic, to lack a high school diploma, to have greater limitations in activities of daily living, to reside in a rural area, and to live in an institution. They are less likely to have sources of supplemental coverage other than Medicaid.

Chart 4-5. Differences in Medicare spending and service use between dual-eligible beneficiaries and non-dual-eligible beneficiaries, 2010

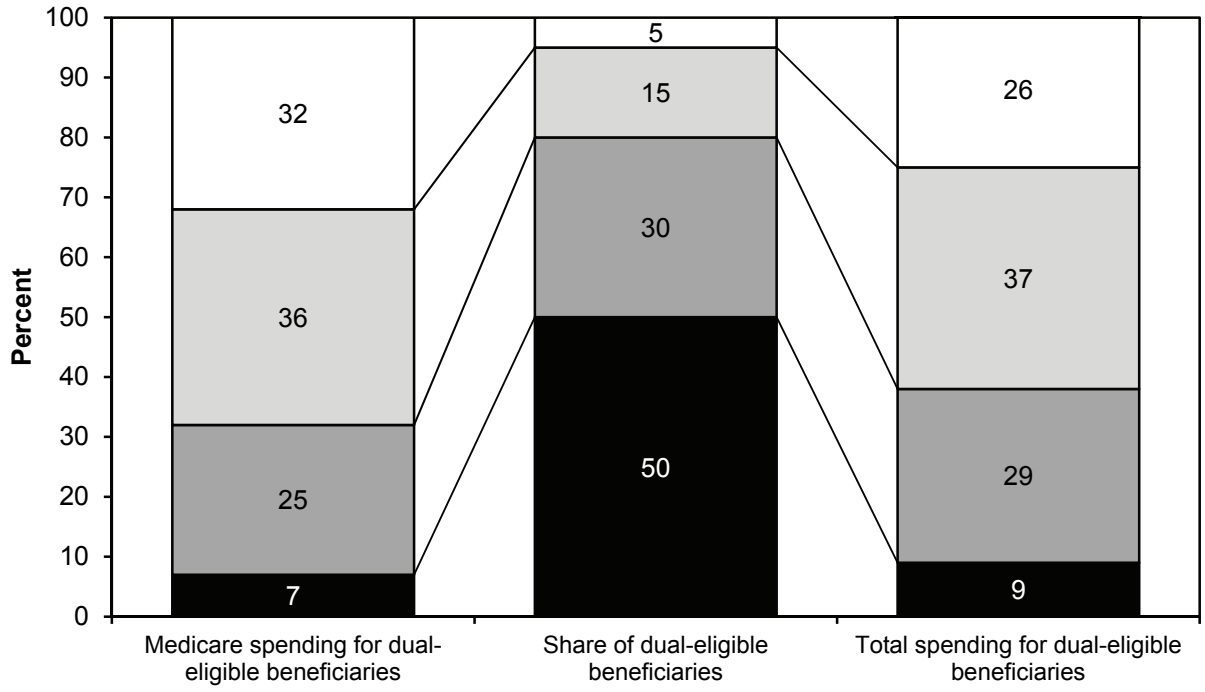
Service	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Average FFS Medicare payment for all beneficiaries		
Total Medicare FFS payments	$19,418	$8,789
Inpatient hospital	6,122	2,803
Physician[a]	3,209	2,598
Outpatient hospital	2,311	1,133
Home health	806	460
Skilled nursing facility[b]	1,466	572
Hospice	676	211
Prescribed medication[c]	4,805	1,002
Percent of FFS beneficiaries using service		
Percent using any type of service	95.7%	84.7%
Inpatient hospital	25.8	16.6
Physician[a]	89.7	82.9
Outpatient hospital	74.8	59.9
Home health	13.5	8.5
Skilled nursing facility[b]	8.4	4.5
Hospice	4.0	2.1
Prescribed medication[c]	75.0	37.6

Note: FFS (fee-for-service). Data in this analysis are restricted to beneficiaries in FFS. Dual-eligible beneficiaries are designated as such if the months they were enrolled in Medicaid exceed the months they were enrolled in supplemental insurance. Spending totals derived from the Medicare Current Beneficiary Survey (MCBS) do not necessarily match official estimates from CMS, Office of the Actuary. Total payments may not equal the sum of line items.
[a] Includes a variety of medical services, equipment, and supplies.
[b] Individual short-term facility (usually skilled nursing facility) stays for the MCBS population.
[c] Data from Medicare Advantage–Prescription Drug plans and stand-alone prescription drug plans.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file 2010.

- Average per capita Medicare FFS spending for dual-eligible beneficiaries was more than twice that for non-dual-eligible beneficiaries—$19,418 compared with $8,789.
- For each type of service, average Medicare FFS per capita spending is higher for dual-eligible beneficiaries than for non-dual-eligible beneficiaries.
- Higher average per capita FFS spending for dual-eligible beneficiaries is a function of a higher use of these services by dual-eligible beneficiaries compared with their non-dual-eligible counterparts. Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to use each type of Medicare-covered service.

Chart 4-6. Both Medicare and total spending are concentrated among dual-eligible beneficiaries, 2010



Note: "Total spending" includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending. Dual-eligible beneficiaries are designated as such if the months they were enrolled in Medicaid exceed the months they were enrolled in supplemental insurance. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use files 2010.

- Annual Medicare FFS spending on dual-eligible beneficiaries is concentrated among a small number. The costliest 20 percent of dual-eligible beneficiaries accounted for 68 percent of Medicare spending and 63 percent of total spending on dual-eligible beneficiaries in 2010. In contrast, the least costly 50 percent of dual-eligible beneficiaries accounted for only 7 percent of Medicare spending and 9 percent of total spending on dual-eligible beneficiaries.

- On average, total spending (including Medicaid, medigap, etc.) for dual-eligible beneficiaries in 2010 was more than twice that for non-dual-eligible beneficiaries—about $31,600, compared with about $15,300.